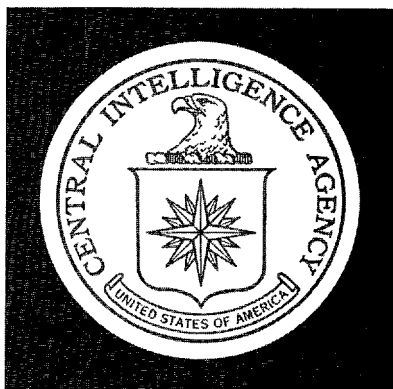


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State Department review completed

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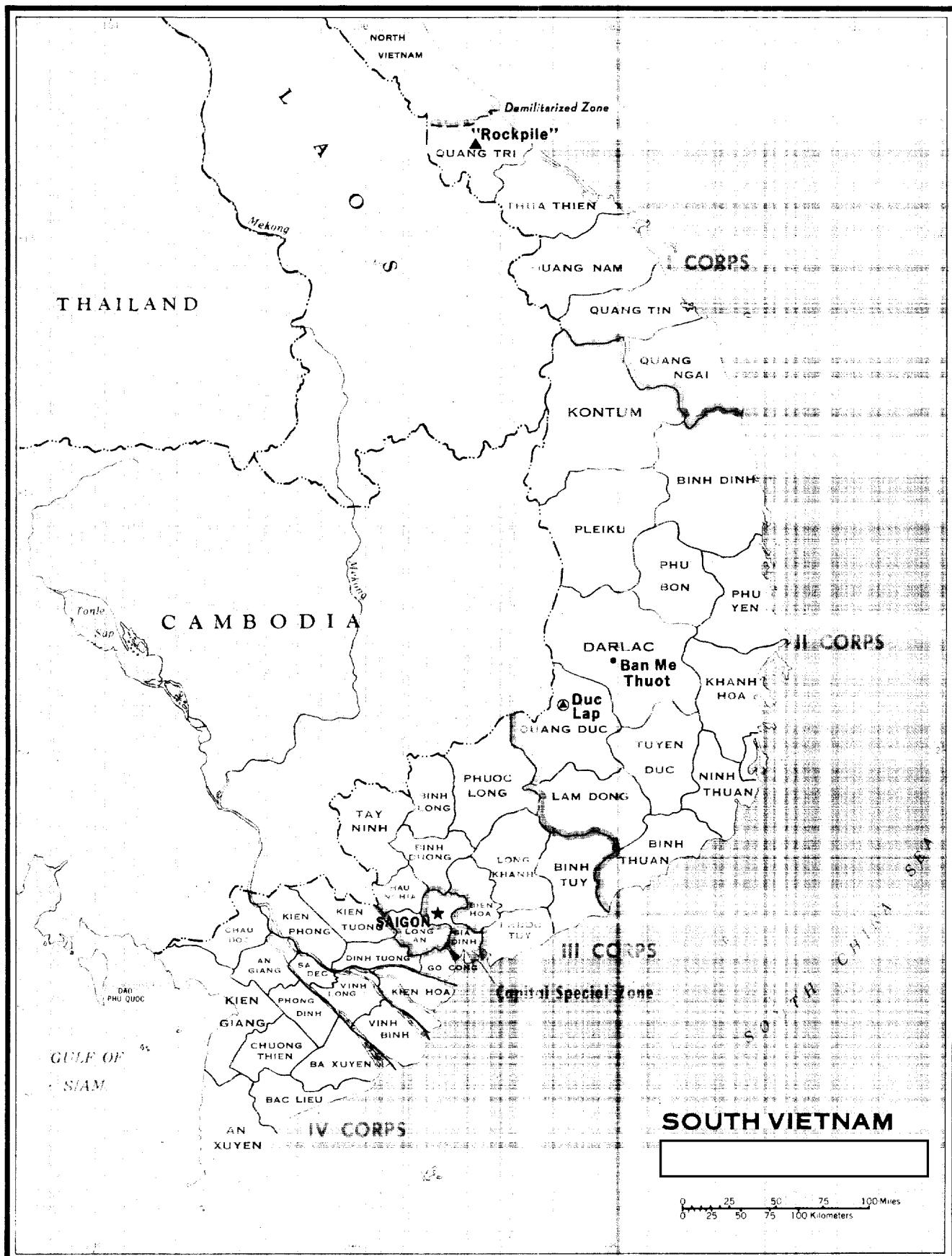
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[South Vietnam: Fighting has flared up near the Demilitarized Zone.

Following the brief military standdown in I Corps caused by adverse weather, there were four sharp clashes between US and Communist troops within six miles of the Rockpile, just south of the central zone.

In the southern highlands, renewed fighting near the Duc Lap Special Forces camp reflects a Communist determination to maintain pressure on the camp, presumably to divert reinforcements from nearby Ban Me Thuot which remains the primary target in the region. Prisoners captured recently near Duc Lap claim that major elements of the North Vietnamese First Division will soon launch another effort to take the camp "at all costs."

* * * *

The number of participants in the South Vietnamese Government's self-defense programs, which are intended primarily to strengthen the defenses of Saigon and other urban centers, has passed the 420,000 mark and continues to grow. Less than one third of those recruited, however, have received any kind of military training, and less than one tenth have been armed.

In early August, the government promised to step up the distribution of weapons to the civilian defense groups, but since then the rate has actually declined. Most of South Vietnam's military leaders have never been very receptive to the idea of giving arms to civilians and they may well be impeding implementation of the program. (Map) **]**

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Czechoslovakia-USSR: The Czechoslovak delegation headed by Premier Cernik returned prematurely to Prague from Moscow yesterday after only seven hours of talks.

The communiqué indicates that Cernik discussed the Moscow agreement with Brezhnev, Kosygin, and Podgorny. A bilateral economic pact, calling for the Soviets to supply natural gas "for many years" and for the construction of another gas pipeline, was signed. Brief announcements of the meeting added that agreement was reached on "other economic issues." There was no apparent agreement, however, on reparations for damages caused by the occupation, or on a Soviet hard-currency credit for Czechoslovakia.

Soviet First Deputy Foreign Minister Kuznetsov also returned to Prague yesterday, probably for additional talks with Dubcek and Svoboda.

National Assembly President Smrkovsky told a steelworkers' rally that the country must fulfill every detail of the Moscow agreement. In the same speech, however, Smrkovsky said that the Dubcek leadership would continue to push internal reform, and stressed that there would be no persecution of intellectuals. In this connection Czechoslovak media have launched a campaign aimed at enticing "tens of thousands" of Czechs and Slovaks to return home from foreign countries, especially those in the West. Half an hour has been set aside each day for broadcasts to these persons.

The Czechoslovak Government met to discuss implementation of some of the liberal reforms Dubcek proposed last April. The cabinet approved a bill which calls for the continued subordination of all political groups to the Communist-controlled National Front. It does not exclude the addition of new political organizations to the National Front. The government also discussed reforms designed to deal with construction and social problems.

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25X1 [redacted] while Prague will proceed as far as possible with domestic reforms, it will now have to assume a stiff posture in political and economic relations with West Germany. Emphasizing that Prague still wanted improved relations with Bonn, [redacted] a new "diplomatic offensive" against the West Germans by the Warsaw Pact countries was forthcoming, and that Bonn should realize that any attacks by the Czechoslovak media will not have originated with the Dubcek regime.

25X1 There have been no significant changes in the status and disposition of Soviet ground and air forces in Czechoslovakia during the past 24 hours. [redacted]

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Communist China: The political struggle is probably far from over in certain long-troubled areas and perhaps in Peking.

Although revolutionary committees have now been set up in every province, factional differences in Tibet and Sinkiang appear to have been compromised rather than resolved. Establishment of new governing bodies for these areas was announced on 5 September after repeated delay. The local military establishments have split in the past over which Red Guard factions to support, and there is evidence that political differences may still persist in Tibet and, perhaps to a lesser extent, in Sinkiang.

The top two men in the new Tibet committee, both officers in the Tibet Military Region, have been publicly aligned with opposing Red Guard organizations. Their selection was evidently based on a difficult compromise reached in Peking, which may represent a mere papering over of differences. The major Red Guard organizations are still functioning in Tibet, unlike most other areas in China. Their leaders have gained positions as vice chairmen on the revolutionary committee; elsewhere in China Red Guard representatives have generally been excluded from top positions in provincial governing bodies.

The new Tibet committee chairman, Tseng Yung-ya, has been supported consistently by the more radical of Tibet's two factions, the Lhasa Revolutionary Rebel Headquarters. Restoration of order in Tibet may thus prove difficult and the situation there could spark renewed conflict in neighboring areas.

In Sinkiang bitter radical opposition to long-time provincial leader Wang En-mao could generate future conflict. In the new government lineup, Wang has been demoted to a vice chairmanship although he may still wield behind-the-scenes power. The current Sinkiang chairman, Lung Shu-chin, the former

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commander of the Hunan Military District, was repeatedly denounced by radical Red Guards last year despite his longtime connections with Lin Piao. Lung's command was reprimanded by the central committee for backing "conservative" groups and stripped of most authority. Radical elements in Sinkiang, however, are still represented in the new lineup by the presence as a vice chairman of an air force commander who was sent by Peking to the province last year to support forces opposing Wang En-mao and the Sinkiang Military Region command.

It appears that representatives of rival factions have been named to the latest committees even though their differences have not yet been reconciled. This suggests that forces working for stabilization may have suffered a setback, and could reflect continued disagreement among top leaders. Alternatively, it might show merely that the central leadership was compromising local differences in an attempt to make the best possible settlement of longstanding problems. In any case, the composition of the two new committees makes it likely that intense political infighting will continue in these areas.

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Yugoslavia: Belgrade has accelerated moves toward closer relations with the US.

The Yugoslav leadership fears military and economic pressures from Moscow in reprisal for its sharp criticism of the Russian occupation of Czechoslovakia. The USSR has already applied selective economic pressures, canceling all tourist arrangements for September and halting discussions for renewing a \$200-million shipbuilding contract.

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Meanwhile, US-Yugoslav contacts, particularly in the commercial, scientific, and technical fields, have been expanding at a quickening pace. Belgrade is now prepared to negotiate transatlantic air routes and is considering buying Boeing aircraft for its civil air fleet. The Yugoslav state TV network has reiterated its interest in receiving a bid from RCA on TV studio equipment and various Yugoslav enterprises are interested in exploring the possibilities of joint production agreements with major US corporations.

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Philippines-Malaysia: Philippine plans to introduce the Sabah dispute into the forthcoming meeting of the standing committee of the Asia Pacific Council in Tokyo may lead to Malaysia's withdrawal from the council and to strained relations between Malaysia and Japan.

The Philippines has prepared a letter for circulation at the meeting reserving its position on a recent council communiqué concerning the territorial integrity of member states. The letter specifically asserts that the Philippines does not recognize Malaysian sovereignty over Sabah.

Japan, as the host nation, has agreed to circulate the letter despite Malaysia's objection that the Sabah issue lies outside the council's scope. Kuala Lumpur has informed Tokyo that circulation of the letter without the approval of all members would force Malaysia to "abstain" from the council and would be regarded as an unfriendly act on the part of Japan. New Zealand and Australian spokesmen have privately voiced support for Malaysia's position.

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India: The serious illness of the Madras chief minister portends further difficulties for the state's ruling party.

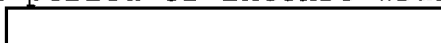


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Annadurai was the driving force behind his party's unexpected election victory over the Congress Party in the state elections of 1967. Since then he has presided over virtually the only relatively stable and cohesive non-Congress state government in the Indian Union. He has continued many of the established programs of his Congress predecessors, in contrast to most other non-Congress states where patchwork coalitions have been unable to function effectively.

Growing middle-class dissatisfaction with the party's performance, however, has been fanned by the Congress Party, which blames increased lawlessness in the state on the Kazhagam's soft policies toward anti-Hindi agitation and labor unrest. The Kazhagam is itself divided on policy, and factionalism lies just beneath the surface. Particularly troublesome is the conflict between those who favor a continuation of the party's unswerving opposition to North Indian "imperialism"--a charge which they level at the Congress-controlled central government--and those, like Annadurai, who now find it expedient to maintain smooth relations with New Delhi.

A recent by-election victory demonstrated that the Kazhagam is still effective at the polls and that the long-standing organizational and morale problems of its Congress opponents are not solved. Annadurai's prolonged absence or death, however, could usher in a period of intense wrangling for party control.



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East Germany - West Berlin: The East Germans are inspiring rumors of moves against the security of West Berlin. These rumors range from threats to impose further travel restrictions to outright occupation. While the East Germans have repeatedly objected to Bonn's "illegal activities" in Berlin, it is doubtful that they will attempt anything drastic in the immediate future. In the fall, however, a Bundestag work week and a Christian Democratic congress to be held in the city may lead to considerable Communist harassment. For their part, the Soviets have given assurances that developments in Eastern Europe will not affect Berlin. Presumably their assurances apply to Allied rights and thus do not preclude East German pressures on the city.

[REDACTED]

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Congo (Brazzaville): Army strongman Ngouabi appears to be consolidating his hold on the reins of power at the expense of rival military leaders, whose chances for a successful move against the aggressive army chief seem to be rapidly diminishing. Ngouabi continues to utilize an alliance with civilian ultraleftists he helped to install in key political positions last month. The course of the new regime remains unclear, however. The only statement of policy issued thus far was moderate in tone, pledging strengthened ties with France and cooperation with moderate neighboring states.

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East Germany - Tanzania: An East German ship on 27 August unloaded at Zanzibar [] military equipment, including small arms, ammunition, and a patrol boat. The delivery is believed to have been made under the East German - Tanzanian military aid agreement concluded in 1964. The East Germans had previously supplied Tanzania with six small patrol boats. In addition, a group of Tanzanians have been trained in navigation and marine engineering in East Germany. []

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Tanzania-Zambia: Africa's longest petroleum pipeline, connecting Dar es Salaam, Tanzania, and Ndola, Zambia, was officially opened on 2 September. The 1,058-mile artery will end the chronic fuel problems that have plagued Zambia since December 1965 when sanctions imposed on oil shipments to Rhodesia, Zambia's major supplier, forced Lusaka to obtain oil elsewhere via numerous erratic transport routes. The pipeline is capable of handling 600,000 tons of refined oil products annually. Fuel oil, however, will still be shipped by truck over the Great North Road. []

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